



INNOVATION IN IMPROVING LOGISTICS EFFICIENCY AND INCREASING TRADE THROUGH E.FREIGHT MARKETS

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Current Situation in the Market

Cargo Owners	Truck Owners
No visibility of available transport/trucks	Little visibility on demand of cargo to be transported
High inventory to cover uncertainty on delivery times	Poor/slow turn around times (loading & offloading delays, use of trucks as storage space etc.)
Limited choices or availability of suppliers	Low transport earnings
Minimum and non transparent competition	Incidences of truck idle time.
High dependence on middlemen to secure trucks.	High costs of doing business(salaries,loans)
Commission to middlemen	High dependence on middlemen
High staff in securing trucks	High commission payment to middlemen
High transport costs due to long chain between cargo owner and actual transporter i.e. brokers.	High staff costs for securing contracts of cargo
Risk of loss of cargo (pilferage)to use of unknown/un-vetted trucks	Risk of non-payment from shippers and brokers

Consequences of Non Automated Freight Markets

- High transport costs
- Unreliable delivery times
- Reduce trading potential
- Non competitive exports
- Unprofitable transport business

WHY AN E-FREIGHT MARKET?

- Leverage on technology to offer efficiency to enhance trade e.g. by improving communication linkages between cargo owners and transport providers
- Address the key challenges brought about due to poor organisation of movement of goods e.g. visibility of loads, sourcing of suppliers, customs information of various countries

How This Tool Affects The Logistics Industry



How Does The System Work? System Features Of A Freight Market

Features	Functions
Registration	Create secure platform for players to interact
Post loads/Trucks	Allows people to post business
Auto matching feature	Matches loads to trucks
Interactive system	Enhances use of system between platform and user
Tracking system	Allows cargo owners to track their loads
Trip Calculator	Get rates to various destinations
Other Services	<i>Find information on route regulations/requirements</i>
Request assistance	Available list of suppliers e.g. road rescue services, crane services etc.
Latest news	Industry updates from the region include road closures, security updates, traffic updates etc.

How Does The System Work? Due Diligence

Feature	Due Diligence Checks
Registration of users	Allows companies to verify the users on the platform
Back ground checks of users	Due diligence of users e.g. using pin checker on KRA website to verify existing companies etc.
Posting of loads	Allows loads to be posted and verifies accuracy of loads e.g. manages weight of loads, packaging information etc.
Posting of Transport Rates	Users can post rates, however the system recommend prevailing markets rates
Tracking of Cargo	Allows tracking of cargo till it is delivered
Rating of players	Allows users to rate each other and therefore improve general industry standards

Results of the Impact of E Freight Markets

Cargo Owners	Truck Owners
More visibility on available trucks	Visibility on exiting demands
Broader choices of transporters	High turn around time of trucks (loading & offloading times)
Competitive rates by transporters	High profit margins due to competitive pricing
Savings on staff costs	Savings on staff costs
Savings on brokers commissions	Savings on broker commissions
Reduction in inventory costs	Healthy competition amongst truckers
Minimisation of pilferage and diversion	Better service standards by truck owners
Competitive exports (reduction in costs of inventory, warehousing)	Timely & secured payments (makes business predictable & allows for expansion)
Security of cargo deliveries - uncertainty of whether good will reach end destination	Formal contracts of carriage with more balance obligations of the parties

Potential Extended Effects Of E Freight Markets

- ✓ Expand operations to different parts of the continent
- ✓ Increased professionalism by players in the industry and introduction of service standards
- ✓ Stabilisation and standardization of freight prices(subject to conditions e.g. peace, infrastructure)
- ✓ Reduced product costs at market places due to reduced operations costs
- ✓ Better coordination and partnerships with governments bodies to improve efficiency in the sector e.g. through developing relevant policies
- ✓ Increased data collection and analysis based on various data points e.g. rates, import numbers

Way forward-system's improvements

- Reporting tools – reports that allow users to query the e-Freight to access data about their usage of the system
- Data analytics systems-trends and patterns seasons, traded goods, rates, policies lobby
- Payment systems – use of systems like ESCROW to ensure guaranteed payments of services

Way Forward-Looking Beyond The Border

- Need to have e-freights in other markets in order to enhance inter regional trade and continental trade
- Partner with other organisations like World Bank ,STTP and Governments to create healthy environments in order to enhance the replication of similar systems on the continent to fast track the possibility of increased trade
- Improve security systems by partnering with governments to reduce repetitive checks on trucks and cargo alike e.g. police ,customs, borders checks etc.
- Introduction of service standards in the logistics sector e.g age of trucks, maintenance of vehicles etc

Sustainability Of The System

- Replicate the same tool around the continent instead of starting from scratch because existing platforms have already gone through the motions
- Partner with relevant organisations e.g. World Bank, Transport Corridors, STTP, Government Bodies, Revenue Authorities to adapt E Freight markets to local content
- Expand revenue streams from transporter commissions to commissions from cargo owners, trade linkages, etc.
- Develop high level security checks in partnerships with governments, revenue authorities through the use of API's and algorithm to develop automated background of goods and people e.g. similar to systems like TIR system(Schengen Visa concepts- one stop security checks)
- By enhancing usage of E freight platforms, the industry can compel players to comply with higher standards of doing business and therefore reap the benefits of better competitive advantages eg triple rating of truckers allow 1st priority bookings on cargo .



